

PCG*Health & Human Services™*

Wyoming Health Insurance Exchange: Technology Infrastructure Discussion

Wednesday, September 14, 2011

Agenda

- Wyoming Eligibility APD Observations
- PCG's Exchange and Eligibility Experience
- Options for ACA Compliant Eligibility Systems
- PCG and Early Innovator Grant Activity
- Questions

Wyoming Eligibility APD Observations

Wyoming's Eligibility Advanced Planning Document (APD) details procuring vendor services for the design, development, implementation, and maintenance of a new Health Insurance Eligibility and Enrollment System to replace the Medicaid component of the State's current integrated eligibility system

Requested Functionality

- Core system functionality includes:
 1. Configurable eligibility engine and external data source interfaces (e.g., Federal Data Hub)
 2. Case maintenance and client noticing
 3. Client self-service tools (e.g., online application, account management, benefits inquiries)
 4. CSC Call Center and EDMS System
- New system will coincide with transition to centralized customer delivery model for Medicaid and CHIP

Requested Timeline

- RFP released by April 2012
- Core system development work completed by January 2014

Requested Budget

- Approximately \$37M over 5 years (\$32M Federal share and \$5M State share)

Wyoming Eligibility APD Observations *(continued)*

The current approach requires many major systems and operational tasks to be started, worked on, and completed in parallel

Project Phase	Dates	Necessary Activities
Phase 1: Procurement Phase	July 2011 to April 2012	IAPD, Detailed Functional and System Requirements, RFP
Phase 2: Design and Development	TBD to TBD	Detailed System Design (Eligibility, EDMS), Business Process Re-Design, Capacity Development for CSC) and new eligibility model
Phase 3: Testing, Training and Go-Live	TBD to January 2014	System Testing, User Training, Organizational Change Management, Continued capacity Development for CSC and new eligibility model
Phase 4: System Maintenance and Enhancements	January 2014 to January 2016	System Maintenance, Enhancements Design, Organizational Change Management, Capacity Development

PCG's Exchange and Eligibility Experience

State	Project Type	Scope of Work
Rhode Island	Eligibility Environment Replacement	<ul style="list-style-type: none">• Designed phased approach for replacement of current eligibility system• Developing new eligibility solution as part of the Innovator Grant process• Developed RFP for upgrade and takeover of state MMIS system• Analyzed the entire state eligibility and MMIS infrastructure• Completed a through MITA Assessment.
Massachusetts	Health Benefit Exchange and Eligibility Planning	<ul style="list-style-type: none">• Worked with the (Massachusetts) Commonwealth Health Insurance Connector Authority since its inception in 2006• Helped implement the Virtual Gateway (VG), a web-based portal that :<ul style="list-style-type: none">○ Allows provider and consumers to apply online for health assistance○ Allows providers real-time online access to clients' health assistance case information and modify certain personal information○ Assists Commonwealth Care members to fulfill their annual review requirement• Integrated new health care reform policies into the VG infrastructure• Implemented Enterprise Document Management for EOHHS agencies• Streamlined customer support by implementing an IVR solution with self-service options for members

PCG's Exchange and Eligibility Expertise *(continued)*

State	Project Type	Scope of Work
Delaware	Health Benefit Exchange Planning	<ul style="list-style-type: none">• Assessed current eligibility environment• Performed GAP analysis between current eligibility environment and what will be needed to support a benefits exchange that complies with new ACA regulations• Produced cost estimates for both eligibility system and a benefits exchange• Identified best fit technical solutions for both eligibility system and a benefits exchange
Nevada	Health Care Reform and Benefit Exchange Planning	<ul style="list-style-type: none">• Developed approach to implementing a single statewide eligibility system• Created budgets and transition plans for the Governor's office

PCG's Exchange and Eligibility Expertise *(continued)*

State	Project Type	Scope of Work
Mississippi	Medicaid Health Information Technology Plan	<ul style="list-style-type: none">• Developed the State Medicaid Health Information Technology Plan• Designed and implemented a plan for the Electronic Health Records and Provider Incentive Payments made to eligible providers
Alabama	Health Benefit Exchange Planning	<ul style="list-style-type: none">• Designed and conducted a formal analysis of the current health insurance market• Modeled the impact that ACA changes will have on market
Tennessee	Health Benefit Exchange Planning	<ul style="list-style-type: none">• Developed an Exchange implementation timeline to guide the State's planning• Completed an IT gap analysis to assess the State's current systems and determine where they fall short of Exchange readiness

Options for ACA Compliant Eligibility Systems

The five options available to states today fall into the following categories:

1. Do nothing and Defer to the Federal Exchange

- It is not clear when it will be ready, what it will look like, and how much customization will be required
- It is not known how much funding, if any, will still be available

2. Leverage Early Innovator Solution

- Eight states were awarded funds, but two returned the money, as the challenge of developing a solution that is scalable, portable, reusable, etc. may put the states in jeopardy of making the federal deadlines
- Massachusetts developed the RFP for their solution based on their business requirements, not on the Consortium's feedback
- It is not known what any of these solutions will look like and how easily they will be utilized by other states

3. Modify Existing Eligibility Environment

- Updating old technology is not the most effective or efficient use of the one time only federal funds
- Analysis work to date indicates this option is not viable with Wyoming's current technical infrastructure

Options for ACA Compliant Eligibility Systems *(continued)*

4. Isolate Business Rules in a Rules Engine

- Most states are taking this approach
- It is the most logical solution, but still boasts pros and cons
 - In the short run, states will still need to integrate the engine into the existing system (i.e., EPICS in Wyoming)
 - However, it allows state to migrate programs in a controlled approach while ensuring the new business processes are planned, documented, and finalized
- PCG estimates that eligibility engine development for Medicaid could cost between \$20-25M

5. Replace Eligibility System

- The time, money, and resources required to perform a complete replacement of the existing eligibility environment with a new system and process is substantial, and in many cases, prohibitive
- A thorough and documented understanding of the current environment is also needed
- Although it is a total replacement, a phased approach is still required
- Given the external deadline, a total replacement may be challenging
- PCG estimates that a total eligibility system replacement for Medicaid could cost between \$50-100M

PCG and Early Innovator Grant Activity

Overview

- The grant funds the development of information technology infrastructure components for health insurance exchanges

Recipients

State	Grant Amount	State	Grant Amount
Kansas	\$31,537,465 (returned funds)	Oregon	\$48,096,307
Maryland	\$6,227,454	Wisconsin	\$37,757,266
New York	\$27,431,432	New England Consortium led by University of Massachusetts Medical School	\$35,591,333. Massachusetts is the grant recipient. Other states will receive funding to cover staff participation in grant activities
Oklahoma	\$54,582,269 (returned funds)		

New England Consortium Details

- Each member state of the Consortium is working with Massachusetts to inform the operational and technical design of these components
- Although all six New England states are members, Massachusetts, Rhode Island, and Vermont are leading the efforts. Each remaining state has an antiquated system that is impossible to manage:
 - Massachusetts is building a new eligibility system by following a phased approach that starts with building a rules engine
 - Rhode Island will follow with the same approach, hopefully reusing some of the components from Massachusetts
 - Vermont started before other states and developed a framework as a foundation for a new Eligibility and Claims Infrastructure. The issue that faces Vermont centers around taking on more than the organization and environment can support. TOO MUCH CHANGE AT ONCE

PCG and Early Innovator Grant Activity *(continued)*

PCG's Work in Rhode Island

- PCG is partnering with Rhode Island on cutting edge eligibility work, as Rhode Island will be the first state to try to leverage the Innovator Grant technology that is developed
- PCG will help Rhode Island:
 1. Coordinate efforts and maximize efficiency in exchange technology development with Massachusetts and other New England states
 2. Learn operational practices from Massachusetts' implementation of its state exchange
 3. Accelerate the development of Rhode Island's exchange infrastructure
 4. Participate in defining shared standards for Exchanges to facilitate possible future insurance market regionalization
- Rhode Island has already received their Level One grant funding and is in the process of submitting their on Level Two

Federal Solution

- PCG partnered with IMB and Deloitte to respond to federal exchange solution
 - CMS will make a determination and award the contract by the end of September 2011
 - After the contract is awarded and regardless of the recipient, there is still much work to be done, as the solution will need to be fleshed out and fully vetted

QUESTIONS

Health Benefit Exchange Project Discussion of having separate or merged Individual and Small Group Exchanges

Wyoming Health Insurance Exchange Steering Committee

September 14, 2011

Health Benefits Exchange | Individual & Small Group Exchanges

Issues:

- Should IM and SHOP Exchanges be Merged or Kept Separate?
- Should the IM and SHOP Risk Pools be Merged or Kept Separate?

Methodology:

- Summary of what the law and proposed regulations allow
- Discussion and evaluation of Available Options

Health Benefits Exchange | IM & SHOP – What ACA Allows

Administrative Structure:

- Section 1311 (b)(2) of the ACA provides the flexibility to operate the individual and SHOP Exchanges under a single governance or administrative structure
- NPRM supports single structure but still allows option to keep separate. The single structure model is expected to:
 - Provide better policy coordination
 - Increase operational efficiencies
 - Improve operational coordination
- If Exchanges are separate, NPRM requires coordination and sharing of relevant information between the two Exchange bodies
- If Exchanges are combined, NPRM requires that the Exchange possess adequate resources to assist both individuals and small employers

Health Benefits Exchange | IM & SHOP – What ACA Allows

Market Merger:

- Whether a state chooses to merge the individual and small group markets (i.e. merge risk pools), NPRM requires that certain differences between the two markets are preserved.
- If the markets are merged, Exchange may only offer employers and employees QHPs that meet the SHOP QHP requirements, including deductible maximums and employer choice requirements
 - Deductible maximums in small group market: \$2,000 for individual, \$4,000 for family
 - Employee choice among QHPs may still be limited / expanded by Exchange policies or employer choice
- If the markets are not merged, SHOP may only make small group QHPs available to qualified employees
 - Allowing those in SHOP to purchase outside of small group risk pool could result in risk selection
- Catastrophic plans, which are available for individuals under the age of 30, can not be offered in the SHOP even if the markets merge.

Health Benefits Exchange | IM & SHOP – What ACA Allows

States are Required to have Individual and Small Group Exchanges but have choices for how they are organized

Option 1: Separate Exchanges and Separate Risk Pools

Option 2: Combined Exchanges and Separate Risk Pools

Option 3: Combined Exchanges and Combined Risk Pools

Option 4: Federal Government Runs both Exchanges

Option 5: Federal Government Runs IM, State Runs SHOP (unclear if this an actual option)

Options: | Separate or Combined Governance Structure

The Committee must decide to recommend if the two Exchanges will be run separately or together.

Pros of One Governance Structure:

- Eliminates administrative duplication
- Clear line of authority for all Exchange operations
- Likely to be more efficient and cheaper

Cons of One Governance Structure:

- Neither Exchange would be the sole focus of operations
- Possible confusion about who to contact for each Exchange

Options: | Separate or Combined Risk Pools

The Committee must decide to recommend merging the IM and Small Group risk pools or keeping them separate. Actuarial data will help guide this decision but should not be the only decision point

Pros of Combining Risk Pools:

- Small group market likely to subsidize the IM market
- May reduce premiums for high risk individuals
- Simpler to only work with one pool

Cons of Combining Risks Pools:

- Small group market likely to subsidize the IM market
- Distinct needs of the two types of purchasing groups may not be met
- May upset carriers who prefer to focus on one market or the other

Options: | Federal Involvement

Known Knowns:

- ACA allows the Federal Government to run an Exchange if a state does not establish compliant Exchanges
- Federal government has said it is open to running an Exchange for a period of time while a state finishes its planning

Known Unknowns:

- If the Federal Exchanges would be jointly or separately administered
- If the Federal Exchanges would have separate or combined risk pools

Unknown Unknowns:

- If the Federal government will release a plan to run the IM Exchange in perpetuity while the state runs the SHOP

Health Benefit Exchange Project Budget Methodology for Exchange Operations

**Wyoming Health Insurance Exchange
Steering Committee**

September 14, 2011

Health Benefits Exchange | Agenda

- Objectives and Method
- Explanation of Methodology for Creating Budget Estimate of Wyoming Single State Exchange
- Discussion of Cost Modeling a Regional Exchange and a WY Exchange with Shared Services
- Presentation of data for other states, including Utah

Health Benefits Exchange | Objectives and Method

■ Objectives

- Provide the methodology for the assessment of the expected costs of operating the Wyoming Health Benefits Exchange (Exchange)
- Consider areas in which regional sharing can be beneficial and to what extent savings may be possible
- Provide Benchmark from other States
- Discuss costs of Utah Exchange

■ Method

- Identify necessary Exchange functions and discuss method to estimate costs
- Review and monitor Federal guidance
- Analysis of studies completed in Texas and North Carolina
- Analysis of the Massachusetts Connector operating budget
- Build assumptions for each functional area
- Develop estimate of Health Benefit Exchange operating cost
- Use discount factors for regional / shared services Exchanges

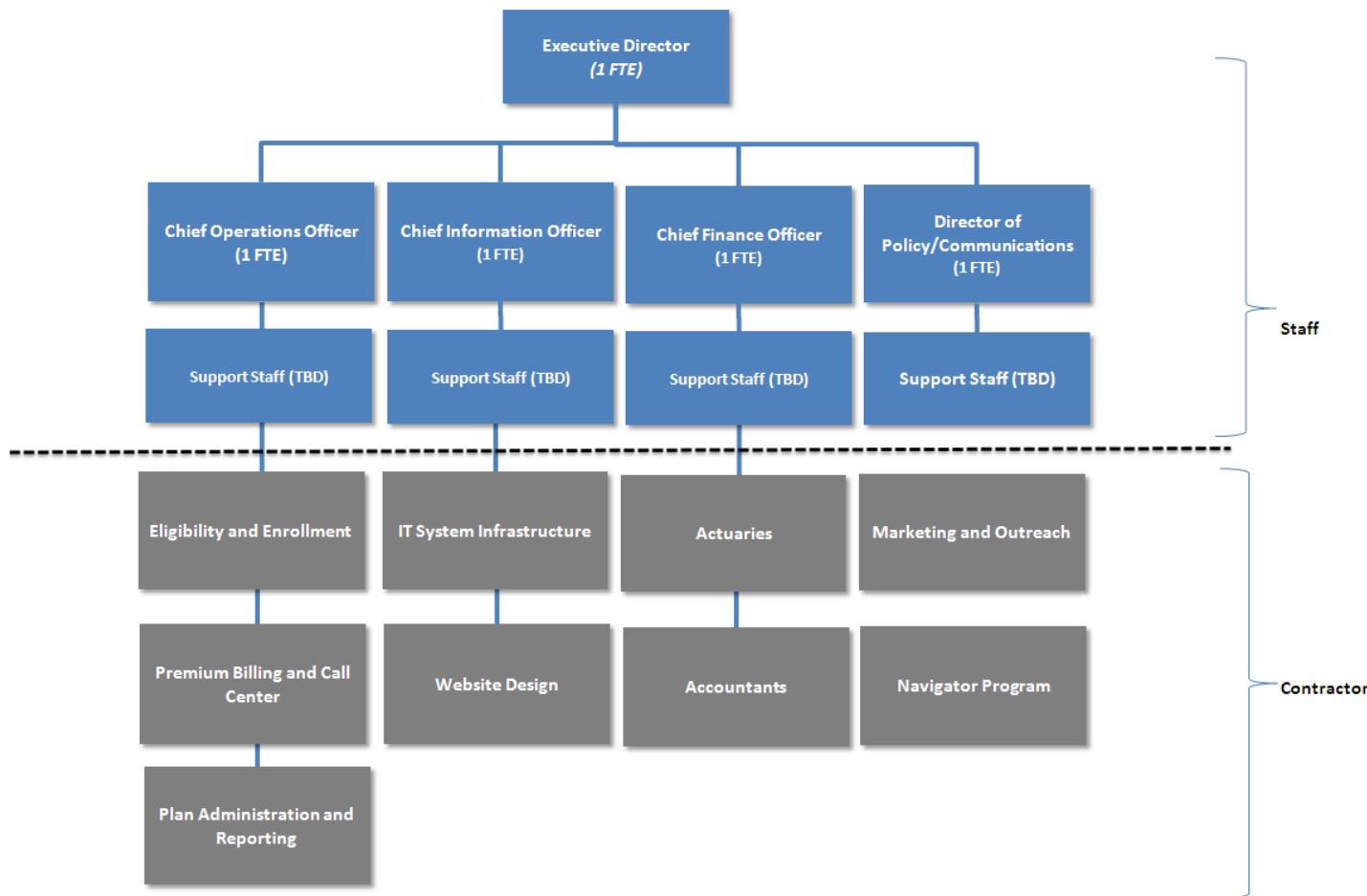
Health Benefits Exchange | Methodology (Single State Exchange)

- Identify Major Cost Centers
 - Staff Salaries and Benefits
 - Enrollment and Eligibility System
 - Call Center
 - Premium Billing Collection
 - Consulting Services
 - IT & Website
 - Rent & General Administrative
- Exchange Operation Cost Centers were defined using a Number of Sources:
 - Business Operations “Minimum Functions of the Exchange” as defined on pages 49 – 53 of the OCIO January 20, 2011 Grant Application (IE-HBE-11-004)
 - PCG’s experience in other states (DE, NV, TX)
 - Publicly available studies

Health Benefits Exchange | Salary and Fringe Benefits Costs

- Cost will be dependent on total FTEs and benefits received
- Salary Estimate from the most recent Bureau of Labor Statistic (BLS) Wages for the Occupational Employment for Wyoming and benefit cost estimate methodology provided by Wyoming Contacts
- Potential number of FTEs necessary for quasi-state agency Exchange comes from MA Connector and estimates for other states

Health Benefits Exchange | Exchange Operating Structure



- PCG developed an organizational chart based on our knowledge of the Exchange requirements and peer state models developed in MA, NC, DE, and TX.
- This organizational chart identifies the minimum leadership positions (staff) and major functional areas (contractor)
- This model assumes a quasi-public Exchange governance.

Health Benefits Exchange | Eligibility and Enrollment

- Information Technology Gap Analysis and To-Be Vision of the Exchange IT Systems Infrastructure from Wyoming's APD provides a cost range for building the new system. PCG's experience in other states can also provide estimates.
- PCG's general analysis of the options for new eligibility and enrollment systems is similar to the options listed in Wyoming's I-APD. PCG's viewpoint is presented in the following matrix. WY additionally considered a stand alone HIE eligibility determination system.

	CY 2012 (Development)	CY 2013 (Development)	CY 2014 (Ongoing Operations)
Option 1: Integrate changes into existing Eligibility Environment. (Use existing System)	X	X	X
Option 2: Develop the Phased Integration with an Eligibility Engine solution. (The engine bolt on approach)	X	X	X
Option 3: Replace the entire eligibility system starting with Medicaid	X	X	X
Option 4: Do nothing and utilize the Federal Solution	X	X	X

- WY's request to CMS is to utilize Option 3. Estimated total costs (includes federal and state share) for the design, development, implementation and maintenance of WDH's Health Insurance Eligibility and Enrollment system are \$37,843,000.00.

Health Benefits Exchange | Call Center

- The ACA mandates that all Exchanges have an operational call center that can guide consumers through the process of purchasing care via an Exchange and also answer questions individuals or businesses may have.
- Staff and costs requirements for the call center will be largely dependent on call volume, but there will also be a subset of fixed costs (e.g. management, rent, and equipment) that must be borne in times of very few calls just as in time of heavy call volume.
- The following chart provides cost estimates for Exchange call centers in several other states.

DESCRIPTION	NC ESTIMATE	MAINE DATA	DELAWARE ESTIMATE
Estimated Population	795,791	306,280	101,000
Estimated % Contact	25%	50%	25%
# of Contacts	198,948	153,140	25,250
# FTEs	30	30	6
Total Cost	\$ 1,287,446	\$ 1,227,189	\$ 251,464

Health Benefits Exchange | Premium Billing

- Recent proposed rules require SHOP Exchanges to provide premium billing services.
- Estimate of the Wyoming Exchange Premium Billing operation can be developed using the Massachusetts Connector's 2010 operating budget and estimates from other states.
- The Customer Service & Premium Billing cost of the CommCare Connector product in FY 2010 was \$7,588,697 (this cost was discounted to unbundle the call center expense)
- Enrollment varies, but according to the publicly available 2010 report to the legislature, CommCare supplied health insurance to roughly 160,318 individuals during the year.
- This creates a PMPY premium billing cost of roughly \$47.

Health Benefits Exchange | Other Contracted/Consulting Services and General Administrative

- Other Contracted/Consulting Services costs will be projected based on the Connector and estimates from other states.
 - Marketing
 - Navigator
 - Actuarial
 - Auditing
 - Legal and Other Professional Consulting Services
 - IT and Website Design
- General Administrative will be projected utilizing research into WY costs and general expenses.
 - Facility Cost (Plan Operations, Maintenance, Security)
 - Depreciation
 - Supplies
 - Other Expense

Health Benefits Exchange | Methodology (Regional and Shared Services Exchanges)

- Identify and Rank Efficiencies for Regional Exchanges
- Identify and Rank Potential Cost Savings for a Shared Services Exchange
- Apply Discount Factor for potential savings

Health Benefits Exchange | Potential Regional Exchange Savings

High Economies:

- Staffing: Executive office and others could be shared across states
- Call Center: Economies of Scale can be achieved with increased average call volume from larger member base
- IT & Website

Moderate Economies:

- Rent and General Admin: Sharing office space and supplies can create savings

Low Economies:

- Enrollment and Eligibility System: state specific and dependent on # of enrollees
- Premium Billing Collection: dependent on number of enrollees

Health Benefits Exchange | WY Exchange with Shared Services

Cost Center	Shared Service?	Rationale
Call Center	Yes	Staff could be trained to work with multiple states
Website	Yes	Infrastructure can be shared with customized pages for each state
Health Plan Certification	Possible	Plans offering coverage will vary by state, so efficiencies may not be achievable
Premium Collection	Possible	Economies are possible, but costs will largely be enrollment driven
Eligibility & Enrollment	Unlikely	Different rules in states create problems in sharing systems
Navigator Program	Unlikely	Shared staff may be possible, but each state will need its own program
Actuary Analysis	Unlikely	Each Exchange will have to analyze its own plans and loss ratios

Health Benefits Exchange | WY Exchange with Shared Services

Cost Center	Shared Service?	Rationale
Financial Reporting	Unlikely	Each Exchange will have own reports; but staff may be able to be shared
Executive Staff	No	Each state would have its own Exchange staff
Rent and Admin Cost	No	Each state would have its own infrastructure
Marketing	No	Each Exchange will have to market itself
Government Relations	No	Each Exchange will work with its state legislature
Legal Services	No	Each Exchange will be responsible for its state laws
Auditing	No	Each state would have its own auditing process

Health Benefits Exchange | Peer State Analysis

- Comparisons are available to Massachusetts (actual), Utah (actual), and Delaware (projected) Exchange finance costs.
- The Delaware Administrative PMPM estimate was approximately 25% less than Massachusetts actual experience in FY 2010.
- Utah has a considerably higher PMPM due to low enrollment.

Category	Massachusetts	Utah	Delaware
Salary Staff	\$5,861,126	\$500,000	\$2,249,214
Eligibility and Enrollment	\$5,506,397	\$0	\$2,000,000
Call Center	N/A	\$0	\$251,464
Premium Billing Engine	\$9,781,251	\$0	\$3,520,867
Marketing	\$1,598,273	\$0	\$845,160
Navigator	\$500,000	\$0	\$264,398
Actuarial	\$578,012	\$0	\$305,650
Auditing	\$91,000	\$0	\$48,120
Legal and Other Professional Consulting Services	\$1,020,930	\$0	\$539,863
IT and Website Design	\$1,628,428	\$302,400	\$861,106
General Administrative Costs	\$747,469	\$0	\$395,258
Other	\$139,104	\$0	\$0
Total	\$27,451,990	\$802,400	\$11,281,101

Enrollment	190,000	4,200	101,000
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PMPM	\$ 12.04	\$ 15.92	\$ 9.31
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Health Benefits Exchange | Peer State Analysis (Utah)

- Complete data not available
- SHOP Exchange has roughly 4,200 enrollees with a \$6 PMPM (302k)
- Office of state Consumer Health Services has 500k budget that is largely Exchange driven but not Exchange exclusive
 - Additional unknown costs in DOI and Medicaid Department
- Four Health Plans and Three Technology Vendors absorbing development costs
- Individual Market Exchange is a simple “farmer’s market”
- Steps to become ACA Compliant are being considered

Health Benefits Exchange | Next Steps

- Discussion of Methodology
- Completion of Cost Modeling
- Submission of Final Report